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MINERAL RIGHTS INFORMATION BULLETIN 2007-01

SUBJECT: CLARIFICATION OF CONTINUATION RULES FOR COMMINGLED WELL DATA

The Alberta Energy and Utilities Board (EUB) issued new rules for commingling natural gas in Alberta. This Information Bulletin clarifies the department's needs for technical information required to continue petroleum and natural gas (PNG) agreements using information from a commingled wellbore.

As the department severs PNG agreements below the base of the deepest productive zone, the deepest zone to be continued must be perforated and/or tested. The department requires measured flow rates on the deepest perforated zone in a commingled situation for both productive well and mapped productive pool continuation applications.

EUB Bulletin 2006-38 allows for a single test well within a "development entity" to represent an area much larger than a normal spacing unit. This does not alter the department's needs for continuation of PNG agreements which, at a minimum, continues to require incremental flow data from a set of perforations or a "spinner survey" across the perforations to conclude that the perforations do, or can, contribute to the production from a well.

a) Continuation application using well data for a commingled single stratigraphic zone

If every perforated interval in a well is confined to a single stratigraphic zone then the production from the well or a combined flow test (with acceptable rates) from any of the perforations would prove that specific zone productive. For example, if all the perforations are confined to the Bluesky, Gething and Cadomin intervals then the well is proven productive to the base of the Bluesky-Bullhead, the deepest zone.

b) Continuation application using well data for commingled multiple stratigraphic zones

If the perforated intervals in a well cover multiple zones then severance will depend upon the evidence supplied for the various intervals. Severance will occur below the deepest perforations that are shown productive through the submission of flow data (with acceptable rates) for the deepest zone. For example, if a well is perforated in the Dunvegan, Peace River, Spirit River, and Bluesky-Bullhead stratigraphic zones, then the department requires evidence that the Bluesky-Bullhead zone is contributing to the overall production or flow test for the well, in order to continue the agreement down to the base of the Bluesky-Bullhead zone.

The flow data must meet an acceptable engineering standard as outlined in EUB Guide 40 or as outlined in the department's Technical Guidelines for Continuation. The department will consider spinner types of surveys acceptable provided they are correctly documented and presented in a proper engineering fashion.

c) Continuation application using mapping for commingled zones

To use mapping to illustrate the presence of a productive zone underlying a spacing unit, the mapping must relate to at least one productive well in that particular zone in the spacing unit. The same well information required for a continuation application based on commingled wells is necessary for any mapping scenario for continuation using commingled well information.

As with all applications for continuation, it is the responsibility of the applicant to submit all required data to prove their request for continuation. The department recommends that reading and understanding the technical guidelines, found at <http://www.energy.gov.ab.ca>, may improve your chances for success for continuation.

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